

and the maximum of 1905 on the same date was 450,282,987 marks (\$107,000,000).<sup>1</sup>

The crisis of 1907, however, subjected the Imperial Bank to a severe test, for the pressure felt in Germany was not merely a reflex of that in the United States, but was due also to speculation and excessive demands for capital at home. Not only was the discount rate of the bank kept at seven and a half per cent, from November 8, 1907, to January 15, 1908, but remained at six per cent, until March 7th, and at five per cent, far into the summer, after the Bank of England rate had fallen to two and a half per cent. Even these high rates barely kept the gold reserve intact, and caused doubts to spread of the wisdom of the law imposing the tax of five per cent, on the uncovered circulation above the legal limit. The annual report for 1907 showed that the average metallic reserve of the year had shrunk to 843,340,000 marks (\$200,300,000) as compared with 890,965,000 marks in 1906 and 972,959,000 marks in 1905. Even this degree of security had been maintained only at heavy cost. The average discount rate of 1907 had been 6.033 per cent.; circulation subject to the special tax had been outstanding twenty-five weeks, or for practically half the year; the week of December 31st witnessed an excess circulation of 625,974,363 marks (\$149,000,000); and the tax paid for the year amounted to 5,600,698 marks (\$1,350,000).<sup>2</sup>

If the burden had fallen chiefly upon the bank, it would have been viewed with equanimity by many elements in the community, but the tax imposed upon commerce was so heavy that severe criticisms of the bank and the government were heard in the Reichstag, which went so far as to demand a modification of the gold standard and the payment of silver for notes in order "to put a silver wall around the gold

<sup>1</sup> Raffalovich, *Le Marche Financier en 1905-1906*, 428.

<sup>2</sup> *Bulletin de Statistique*, April, 1908, LXIII., 476. It was hinted by the Russian Minister of Finance that the German bank was compelled to appeal to Russia for a loan of gold.—London Statist., January n, 1908, LXI., 76.